



CLEAN WATER ACTION

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Written Testimony of Roger Smith, Campaign Director for Clean Water Action
Before the Energy & Technology Committee
March 7, 2008

Testimony regarding:

HB 5818 – An Act Concerning The Summer Saver Rewards Program

SB 588 – An Act Establishing a Cap and Trade Program for Emissions Trading

SB 589 – An Act Establishing A Residential Electric And Gas Customer Discount Rate

SB 590 – An Act Concerning Renewable Energy

SB 591 – An Act Concerning Low-Interest Loans to State Residents for Energy Efficient Home Improvements

HB 5818 An Act Concerning The Summer Saver Rewards Program

Clean Water Action supports the idea behind this program to educate citizens and provide them with concrete goals and rewards to conserve, particularly to reduce peak load in the summer time. We have some concerns that the structure of the *Summer Saver Rewards* program limit its cost-effectiveness and urge the following changes:

- First, **the program should be opt-in.** Ratepayers who are unaware of the program's existence and do nothing consciously to change their behavior should not be subsidized for their inaction by other ratepayers.
- Secondly, if the program continues to be based on the baseline of summer energy usage the previous summer, consumers who did their part to conserve in the past would have a difficult time benefitting from the program and may feel it is unfair. **We highly recommend that consumers who cut their previous year's usage by 15% or more be targeted for a second level of summer savers program which helps them achieve deeper cuts.** We suggest they could be proactively contacted for the Home Energy Solutions program, be offered special Energy Star appliance rebates, and be contacted to retire old refrigerators or air conditioners. This base of consumers who understand the benefits of conservation, and have demonstrated willingness to act on their beliefs are perfect candidates for participation in deeper home efficiency programs.
- Thirdly, **we support the inclusion of municipalities in this program and suggest a second category of awards to municipalities which have the lowest *absolute* per-capita electricity usage.** We not only want to highlight the most improved, but also the *best in state* and to tell the story of what measures they have undertaken to become the most efficient. Municipal leaders have been effective spokesmen for clean energy through the 20% by 2010 campaign and could serve a similar role and "lead by example" for energy efficiency, too.

Finally, Section 2 in this bill which is unrelated to *Summer Energy Savers* regarding free electricity at night for some time of use customers should be removed. Electricity is not like cellular phone service, where giving free minutes to fill slack capacity at night has little external costs, and more like all-you-can eat buffets where repeatedly gorging has serious personal and potentially societal downsides.

There is no public purpose to encouraging unnecessary energy consumption, and offering all-you-can-use service will mean burning fossil fuels that otherwise would not have been burned, creating air and global warming pollution that would have been avoided, and sending more dollars out of state to energy providers that should stay here in Connecticut. None of these consequences are “free” in the off-peak and electricity should be priced to reflect its societal cost. That price is never zero.

Such an incentive would also drive people to cheat the system and steal their neighbor’s electricity (or bribe their neighbor for access). Someone taking part in the program could run extension cords to a neighbor’s house to power appliances during the day in exchange for giving free access to their electricity at night.

To offset free nights, the daytime rates would have to be crushingly expensive, and we question whether consumers will understand how little electricity they can use in the daytime without suffering massive bill increases.

SB 588 An Act Establishing a Cap and Trade Program for Emissions Trading

From our experience working to clean up the Sooty Six and to support the Regional Greenhouse Gas Initiative, Clean Water Action is very concerned about the potential implications of this section. Clean Water Action opposes emissions trading for pollutants with direct human health impacts. For these pollutants, including sulfur dioxide and mercury, using the best available pollution controls is the only acceptable option.

As Connecticut has rejected trading for SO_x and mercury, there is already a Federal cap-and-trade program for NO_x, and Connecticut is part of the Regional Greenhouse Gas Initiative (RGGI) to cap CO₂, we do not understand the purpose of this bill or which pollutants it would cover.

If the General Assembly wishes to regulate something via cap and trade, we would suggest a sector other than electricity, as it is already well regulated. We also suggest linking up with other systems as they are created, as our experience with RGGI shows the policy is extremely difficult and time-consuming to create properly.

Finally, we believe the emissions standards referenced in this section have never been issued and were contingent upon other states taking action to adopt identical standards.

SB 589 An Act Establishing A Residential Electric And Gas Customer Discount Rate

Clean Water Action is concerned about the equity impacts of our energy system. As we understand it, SB 589 it would discount gas and electric rates for low-income and otherwise needy customers. Such rates already exist in states like Massachusetts and we support their adoption here. This policy would nicely complement investments in low-income heating and electricity efficiency, as an effective “one-two” punch to slash otherwise debilitating utility bills.

SB 590 – An Act Concerning Renewable Energy

This bill would expand Project 100. The Project 100 model of subsidized long-term contracts for in-state renewable generation has been reasonably successful to date, but is not well suited to small-scale distributed generation (like solar photovoltaic technology) and is of limited value towards reaching our Renewable Portfolio Standard.

We recently submitted testimony at the DPUC with the Union of Concerned Scientists and Conservation Law Foundation to **allow our utilities to purchase bundled long-term contracts for energy and Renewable Energy Certificates (RECs) in the region**. This would provide the price certainty that renewable energy developers need to move forward with projects, lock in RECs at a set price to meet RPS requirements, and provide a hedge against rising fossil fuel prices.

PA 07-242 directed the DPUC to study this and we encourage the legislature to authorize the utilities to make these type of bundled REC and energy contracts moving forward.

SB 591 – An Act Concerning Low-Interest Loans to State Residents for Energy Efficient Home Improvements

We support the expansion of the Energy Conservation Loan Fund as an important way to reduce up-front costs for efficiency upgrades. As even if this program is expanded there are still funding limits, we support some sort of means-testing to prioritize help for the residents who need it the most. We suggest also finding better ways to make citizens aware of the existence of this program, as in our experience it is not well understood.

We would also encourage the investigation of funding sources for efficiency programs run at the municipal level. Town leaders have a close relationship with residents and have real potential to encourage public participation through community-based programs. One example of this is Cambridge, MA's current program to help residents dramatically cut energy use across the city. Efficiency will become more real to people as one's friends and neighbors take action and their successes spread by word of mouth.

Thank you for your consideration,

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